

KANSAS MEDICAID STATE PLAN

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Supplies (Housekeeping) - Line 155 - Report all supplies expense related to keeping the building clean and sanitary. Floor care supplies shall be expensed on this line.

Other (Housekeeping) - Line 158 - Report (and specify) miscellaneous expenses directly related to the provision of housekeeping for the facility, unless restricted by another expense line. Pest extermination may be expensed on this line or in the Plant Operating cost center. Housekeeping-related education and training expenses for employees whose salaries are reported on Line 154-Salaries (Housekeeping) are also included on this line.

Aides- Lines 163a,b,c - Record the hours paid and salaries of aides involved in direct resident care, on the line that most appropriately defines their classification.

Purchased Services - Line 167 - This line shall be used to report all health related contract labor or other health related services performed by non-employees.

Nursing Supplies - Line 168 - Report expenses of all routine supplies directly related to the provision of nursing and/or health related services for residents, unless further restricted by another expense line. Medical records forms may be expensed on this line. Nutritional supplements shall be reported on this line.

Therapy Salaries - Lines 171a,b,c,d,e,f - Report the hours paid and salaries of therapists who are directly involved in providing health care. Note: Physical, occupational, speech, and respiratory therapy salaries are subject to the same allowance as therapy consultants.

Resident Activities/Social Worker/Medical Records/Other Salaries - Lines 173a,b,c,d - Report the hours paid and salaries on the appropriate line for these classifications. Specify the job classification of other health care salaries.

Resident Activity Supplies - Line 174 - Report the supplies expense involved in providing resident activities. This does not include the cost of newsletters.

Consultants - Lines 166, 175-180 and 183 - Record the fees paid to consultants on the appropriate lines. Provider adjustments for physical therapy, occupational therapy, speech therapy, respiratory therapy, and other therapies shall be in accordance with KAR 30-10-15a(b)(5). Submit a workpaper with the cost report that shows the units and calculation of the allowable Medicaid/Medicaid therapy expenses.

Nursing Aide Training - Line 181a - Report the costs of fees, tuition, books, etc. for education or training seminars provided to aides with salaries reported on lines 163a,b,c. Travel, lodging and meals associated with the education/seminars may be reported on this line.

Other Health Care Training - Line 181b - Report the costs of fees, tuitions, books, etc., for education or training seminars to employees, except nurse aides reported on line 163, with salaries reported in the Health Care cost center. Travel, lodging and meals associated with the education/seminars may be reported on this line.

Resident Transportation - Line 182 - Report resident transportation expense incurred for non-emergency medical, shopping, activities, etc., in which the residents are the primary passengers. Trip logs must be kept to document the expense. Do not include vehicle lease, interest, depreciation, insurance or other expense restricted to another expense line.

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Acceptable methods of allocating cost to line 182, Resident Transportation are as follows:

- 1) Allocated at a set rate per mile. The rate would be determined by dividing total vehicle expense, not restricted to another expense line, by the total miles. The IRS allowed rate per mile is not acceptable because it includes factors for depreciation, insurance and repairs.
- 2) Allocated directly per the following formula:

$$\frac{\text{Resident Travel Miles}}{\text{Total Miles}} \times \frac{\text{Total Vehicle Expenses not Restricted to Another Expense Line}}{\text{Total Miles}} = \text{Resident Travel Expense}$$

- 3) If private vehicles are used to transport residents, the entire amount of the reimbursement paid to the employee for use of the vehicle is allowable as Resident Transportation. The rate of reimbursement must, however, be reasonable.

Total Rate Formula Costs - Line 190 - Enter the sum of the totals in the Administration, Plant Operating, Room and Board, and Health Care cost centers.

Interest on Real Estate - Line 191 - Report all interest expense incurred for the acquisition or construction of real estate. Describe fully on Schedule D. Include amortization expense for loan costs. The interest for equipment and furnishings purchased along with the building shall be reported on this line. Report interest expense on loans for real and personal property included in a rebase of the real and personal property fee, in accordance with KAR 30-10-25e.

Rent or Lease Expense - Line 192 - Report all recurring rent and lease expense regardless of the item and use except therapeutic beds which are non-allowable or computer software lease expense which can be reported in the cost center of benefit or line 113, Accounting and Data Processing.

Amortization of Leasehold Improvement - Line 193 - Report only amortization of leasehold improvements on this line. Leasehold improvements are defined as betterments and additions made by the lessee to the leased property. Such improvements become the property of the lessor after the expiration of the lease.

Depreciation Expense - Line 194 - This amount must be computed by the straight-line method. Such amounts must be reconciled to a detailed depreciation schedule. The determination of capitalized property must be in conformity with Generally Accepted Accounting Principles. If an item or related items purchased in bulk (beds, chairs, tables, etc.) exceed a cost of \$1,000, they shall be capitalized. **Attach a detailed depreciation schedule to the cost report.**

Non-Reimbursable & Non-Resident Related Items

General: Lines 200-214 - Provider adjustments must be made in column 3 that offset column 2 expenses in total. Column 4 will show zero expenses.

Fund Raising/Public Relations/Advertising for Resident Utilization - Line 204- Include non-allowable advertising expenses. See Line 111 - Advertising.

Oxygen Purchases & Supplies - Line 206 - Billing for reimbursement of oxygen, cylinder rental and allowable supplies is to be done by the oxygen supplier to the fiscal agent. Homes with a central supply are to bill the fiscal agent directly.

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Drugs (Pharmaceuticals) - Line 207 - Report expenses for prescription drugs and other items not covered as a routine item in KAR 30-10-15a.

Resident Purchases - Line 210 - Report the expense for items purchased for residents but not listed as routine services or supplies in KAR 30-10-15a.

SCHEDULE B - EXPENSE RECONCILIATION

General: This schedule shall be used to reconcile the expenses reported on the Nursing Facility Financial and Statistical Report (Form MS-2004) to the provider's financial books and federal tax return.

Books - Column 1 - Reflect the expenses as they appear in the general ledger or other financial records.

Federal Tax Return - Column 2 - Reflect the expenses as they appear on the federal tax return.

Cost Report - Column 3 - Reflect the expenses as they were reported on the cost report the Expense Statement, Schedule A.

Total Expenses Per Books - Line 231 - Record the total expenses per the general ledger or other financial records in Column 1.

Total Expenses Per Federal Tax Return - Line 232 - Record total expenses from tax return in Column 2.

Total Expenses Per Cost Report - Line 233 - Enter total expenses from the Expense Statement, Schedule A (Column 2 line 215) in Column 3.

Expenses on Books or Federal Tax Return Not on Cost Report - Lines 234 & 235 - Itemize each expense reflected in the books or federal tax return and not included in the cost report. These expenses should be recorded in the appropriate column under books and/or federal tax return as an offset to the total expense in that column. Use an additional schedule if necessary to list expenses.

Expenses on Cost Report Not on Books or Federal Tax Return - Lines 237 & 238 - Itemize the expense reflected in the cost report but not in the total from the books or tax return. These items should be offset to the total expense in Column 3 - Cost Report. Use an additional schedule if necessary.

Totals - Line 240 - The differences between the totals per lines 231 (books), 232 (federal tax return) and 233 (cost report) less the negative adjustments in lines 234 - 238 in each of the three columns shall be entered on line 240. The adjusted totals per the books, federal tax return and cost report shall agree after the applicable offsets to the total expenses reported.

Nursing Facilities Attached to Hospitals: A nursing facility that is attached or associated with a hospital and shares expenditures shall submit the cost report (MS-2004), census sheets (AU-3902), and the following Medicare schedules: W/S A, A-6, A-8, B Part I and B-1. Also include the working trial balance that includes both the hospital and the long-term unit.

A "step-down process" will be run using the statistical information from W/S B-1 and the net expenses for cost allocation from Column 0 on W/S B Part 1. This will provide the indirect long-term care unit costs. Based on the long term care cost to net expense ratio, each department cost will be allocated to the appropriate line of the cost report. The total cost reported on the cost report should equal the long-term care total, Column 25, on W/S B Part 1.

Working Trial Balance: The working trial balance should reflect how the costs on the books are reported on the Nursing Facility Financial and Statistical Report. This detailed reconciliation also applies to providers who use a different fiscal year end for IRS but are reporting on the required calendar year end, beginning in 1991, for Medicaid rate setting purposes.

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SCHEDULE C - STATEMENT OF OWNERS AND RELATED PARTIES

General: List all owners of the provider entity with 5% or more ownership interest and all related parties (KAR 30-10-24). Fill out Schedule C completely and accurately. Attach an additional schedule if more explanation or space is needed. Providers shall base all allocations on reasonable factual information and make the information available on request. Such information shall include details of dates, hours worked, nature of work performed, how it relates to resident care and the prevailing wage rates for such activities.

ENTER - Name, Social Security Number and Address

Column (1) - % of ownership (if applicable) or state the relationship to owner

Column (2) - % of time devoted to this facility per customary workweek

Column (3) - Total salaries, drawings, consulting fees, and other payments to owners and related parties as defined in KAR 30-10-1a and KAR 30-10-24.

Column (4) - List the titles, functions or descriptions of the jobs performed or transactions made with all owners and related parties. The job titles should correspond with those included in the Owner/Related Party Salary Chart (please refer to KAR 30-10-24).

Column (5) - Enter the distribution by cost report line item of the total compensation incurred for all job functions. Owner/related party compensation shall be reported on the owner compensation expense line (107, 128, 143, 165, 172 and 202) in Schedule A.

Totals - The total compensation in Column 3 and Column 5 should agree. These two totals should also agree with the total of lines 107, 128, 143, 165, 172 and 202 Schedule A.

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**SCHEDULE D - STATEMENT RELATED TO INTEREST ON ALL
BONDS, LOANS, NOTES, AND MORTGAGES PAYABLE**

Note: Submit copies of loan agreements and amortization schedules with this cost report for all loans of \$5,000 or more. Failure to document interest expense is cause for disallowance. (KAR 30-10-15b). Schedules need to be submitted for related party loans showing the interest paid, check numbers and dates.

Column (1) - Enter the original date and duration of the loan in months.

Column (2) - Enter the interest rate. If it is a variable rate, provide the range of the interest rates for the cost report period.

Column (3) - Enter the amount of the loan.

Column (4) - Enter the unpaid principal balance at the end of the cost report period. The total of Column 4, Line 311, must agree with the Balance Sheet, Schedule E.

Column (5) - Enter the total amount of interest and principal payments made during the cost report year.

Column (6) - Enter the total amount of interest incurred during the cost report year. The total of Column 6, Line 311 must agree with the total interest reported on Schedule A, Lines 115 and 191.

Lines 301 - 306 - Enter each lender's name, address and the items financed. Place a check in the appropriate box for interest expense reported on line 115 or line 191 of Schedule A. If interest expense on a loan is pro-rated to both lines, show the breakdown.

Line 311 - Enter the totals of Column 4 - Unpaid Balance and Column 6 - Interest Expense, for Lines 301-306 as reported on lines 115 and 191 in Schedule A.

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SCHEDULE E - BALANCE SHEET

General: The balance sheet should be prepared from the books of the specific facility for which the cost report is filed. In other words, chain units should report only those balance sheet accounts that relate to the particular facility for which the cost report applies. Subject to the above, the balance sheet must be prepared in conformity with Generally Accepted Accounting Principles. Report all ownership claims that are customarily used by your particular type of entity. A partial listing of these accounts by type of entity follows:

Individual Proprietor	Owner's Capital
Partnership	Partner's Capital Accounts
Not-For-Profit Entities	Fund Balance
Corporation	Common Stock, Additional Paid in Capital, Retained Earnings
Chain Unit – All Chain Units	Central or Home Office Account
(regardless of type of ownership)	

NOTE: Beginning of period account balances shall be reported for providers allowed to submit projected cost reports.

Lines 355, 356, 357, & 373 - If the amount reported exceeds \$10,000, attach a schedule showing the details.

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**SCHEDULE F - RECONCILIATION OF BEGINNING
AND ENDING RESIDUAL BALANCES**

General: This schedule explains the change in owner's equity or the fund balance from the beginning to the end of the cost reporting period.

Beginning Balance

Line 401 - Enter the beginning owner's equity or fund balance. This is the total of Column 2 lines 377-379 in the Balance Sheet, Schedule E.

Increase to Owner's Equity or Fund Balance

Line 402 - Enter total revenue from Schedule G, Column 1, Line 449.

Line 403 - Enter the total of cash or other assets transferred or contributed by the owners.

Line 404 - Enter the total of cash or other assets transferred or contributed by the central office.

Line 405 - Enter the proceeds from the sale of common stock.

Line 406 & 407 - Enter and specify all other transactions which increase the residual owner equity or fund balance accounts.

Line 408 - Enter the total of Lines 402-407.

Decreases to Owner's Equity or Fund Balance

Line 411 - Enter the total expenses per Schedule A, Column 2, Line 215.

Line 412 - Enter total of cash or other assets withdrawn by the owners but not reported in the Expense Statement, Schedule A.

Line 413 - Enter total cash or other assets withdrawn by the central office.

Line 414 - Enter the total of duly declared dividends paid to stockholders.

Line 415 - Enter the depreciation expense in excess of the straight line method unless reflected as a negative adjustment in Schedule A, Line 194, Column 3.

Line 416 & 417 - Enter and specify all other transactions which decrease the residual owner equity or fund balance accounts.

Line 418 - Enter the totals of Lines 411-417.

Ending Balance

Line 419 - Enter the net of adding lines 401 and 408 and subtracting line 418. The balance at the end of the period (line 419) should equal the total of Column 4, lines 377-379 in the Balance Sheet, Schedule E.

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SCHEDULE G - REVENUE STATEMENT

Column 1 - Enter the revenues from the general ledger accounts on the appropriate lines. Revenues from services not designated on this schedule must be identified and reported on line 448. The amount of the total revenue entered on line 449, Column 1 must also be entered on line 402, Beginning and Ending Residual Balances Reconciliation, Schedule F.

Column 2 - Enter the amount of the offset to the appropriate expense accounts. **Note the Following:** The amount of the offset should be the cost of reimbursable expenses. Non-reimbursable items (i.e., Beauty & Barber, Vending) are offset at cost.

Column 3 - Enter the line number of the expense reported on the Expense Statement, Schedule A, against which the offset has been made. The amount of the offset must be entered in Column 3, Provider Adjustments, on the Expense Statement, Schedule A.

Line 437 - Routine Nursing supplies sold to private pay residents.

(1) There is no offset required for routine items covered under KAR 30-10-15a that are sold to private pay residents; and

(2) None of the items covered under KAR 30-10-15a can be sold to Medicaid residents.

Line 440 - Resident Purchases/Non Routine Items Sold - Enter the total of all reimbursements for personal purchases not designated as routine items in KAR 30-10-15a.

Line 446 - Day Care/Treatment Income - Enter total revenue from all sources for day care, day treatment and respite care programs.

SCHEDULE H - STATEMENT OF RELATED ADULT CARE HOME INFORMATION

General: All Kansas facilities operated by common ownership or related parties shall be listed. Common ownership and related parties are defined in KAR 30-10-1a. Additional schedules shall be attached as necessary. If the provider is a publicly held entity, provide the annual report and a Form 10-K.

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**SCHEDULE I - FIXED ASSETS, DEPRECIATION
AND AMORTIZATION QUESTIONNAIRE**

General: Each question shall be answered completely and accurately.

Lines 482-489 - Complex Capital Structures:

Attach a complete explanation of the ownership/management structure of the nursing facility including owners with 5% or more interest in the property and/or business, related parties as defined in KAR 30-10-1a, and all relevant contracts, leases, and assignments. This information must be accurate and comprehensive enough to present a true and clear account of the ownership and control of the adult care home.

Line 491 - If the facility is leased, a copy of the original lease agreement and subsequent amendments and/or agreements shall be submitted and on file with the agency. A provider making payments under Industrial Revenue Bonds with a nominal purchase upon maturity shall report the cost of ownership versus lease expense.

Line 494 - A new provider which purchases a facility shall submit a copy of the loan agreement(s), and any other pertinent information concerning the transaction.

Line 495 - Submit a copy of the detailed depreciation schedule with the cost report. Each asset shall be listed with the cost, date of purchase, life, salvage value, accumulated depreciation expense and current depreciation expense. Depreciation must be computed using the STRAIGHT LINE method. If the provider has filed a detailed depreciation schedule with the agency, an annual submission of addition and deletion schedules and a summary of depreciation expense is permissible.

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SCHEDULE J - EMPLOYEE TURN OVER REPORT

Column 2 - Show the total number of employees at the beginning of the cost report period for each classification.

Column 3 - Show the total number of employees hired during the cost report period for each classification.

Column 4 - Show the total number of employees who ended employment during the cost report period for each classification.

Column 5 - Show the total number of employees at the end of the cost report period for each salary classification.

Column 6 - From the total number of employees listed in column 5, show how many are full-time and how many are part-time.

The number of employees listed in column 2, plus the number of employees listed in Column 3, less the number of employees reflected in Column 4, should equal Column 5. Please explain any discrepancy. The W-2's are an excellent source of information for the calendar year end cost report.

ATTENTION

The cost report is not considered complete unless all required documents are submitted with the cost reports. Review the list of questions/documents following Schedule J in the Cost Report.

DECLARATION STATEMENT

Declaration by Owner; Partner; or Officer of the Corporation, City or County which is the Provider.

The cost report is not considered complete unless signed by an owner or authorized agent of the facility and/or business and the preparer. If person signing is not an owner or partner, documentation or a resolution stating their authority to sign needs to be attached. It is not required, if it has been submitted previously and has not changed. If the facility/business owner and the preparer are the same individual, please sign both spaces. Print the names of the owner/authorized agent and preparer in the space provided. **PLEASE READ DECLARATION STATEMENT.**

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